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LISTING STATEMENT No. 2282

LISTED JANUARY 22, 1968.
580,000 Common shares without nominal or par value.
Stock Symbol "KAP".
Dial Quotation No. 1475.
Post Section 10.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

KAPS TRANSPORT LTD.

Incorporated under the Laws of the Province of Alberta
on the 23rd day of May, A.D. 1957.

CAPITALIZATION AS AT DECEMBER 31ST, 1967.

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without nominal or par value	1,000,000	580,000	580,000

January 9, 1968

1. APPLICATION

KAPS TRANSPORT LTD. (hereinafter called the "Company") hereby make application for the listing on The Toronto Stock Exchange of 580,000 common shares without par value in the capital stock of the Company, all of which have been issued and are outstanding as fully paid and non-assessable.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus issued by the Company under the date of October 4, 1967, with respect to the offering of 229,000 common shares of the Company, a copy of which prospectus is hereby incorporated in this application and made part hereof.

3. SHARE ISSUES DURING THE PAST TEN YEARS

(a) 4% cumulative redeemable preferred shares of a par value of \$100.00 each.

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
July 30, 1965	1,650	\$100.00	\$165,000.00	To provide low cost capital to the Company.
November 30, 1965	1,818	\$100.00	\$181,800.00	To provide low cost capital to the Company.

- NOTE A. — On the 30th day of June 1965, 518 4% cumulative redeemable preference shares were redeemed.
- B. — On the 17th day of September, 1967, all authorized but unissued 4% cumulative redeemable preference shares were cancelled.
- C. — On the 31st day of December, 1967, the remaining issued 2950 4% cumulative redeemable preference shares were redeemed and cancelled.

(b) Common shares without nominal or par value.

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
September 19, 1967	277,590			Conversion of 21 common shares of a par value of \$1.00 each (being all of the outstanding shares of the Company) into stock and conversion of stock into 277,590 paid up and non-assessable common shares without nominal or par value.
September 19, 1967	30,000			To purchase all of the outstanding shares of Alberta Equipment Centre Ltd.
September 19, 1967	164,350			To purchase all of the outstanding shares of Wizard Transport Ltd.
September 19, 1967	28,060			To purchase all of the outstanding shares of Bolsters Transport Ltd.
December 15, 1967	80,000			Sold from treasury to Richardson Securities of Canada as part of its underwriting of 229,000 common shares.

4. LISTING ON OTHER STOCK EXCHANGES

It is not proposed to list the common shares of the Company on any other stock exchange.

5. STATUS UNDER SECURITIES ACTS

The said 580,000 common shares without nominal or par value of which 229,000 common shares were offered for sale by the above mentioned prospectus, were qualified for sale to the public through registered brokers in each of the Provinces of Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

6. FISCAL YEAR

The fiscal year of the Company ends on the 30th day of June in each year.

7. ANNUAL MEETING

The Articles of Association of the Company provide that the Annual Meeting of the shareholders shall be held once in each calendar year and not more than 16 months after the holding of the last annual general meeting at such time and place as maybe determined by the directors. The last Annual Meeting of the Company was held on the 5th day of September, A.D. 1967.

8. HEAD OFFICE AND OTHER OFFICES

The registered and head office of the Company is 9520-51st Avenue, Edmonton, Alberta, and the Company maintains offices in Peace River, Alberta; Fort St. John, British Columbia; Fort Nelson, British Columbia; and Whitehorse, Yukon Territories.

9. TRANSFER AGENT AND REGISTRAR

The Royal Trust Company at its branches in Edmonton, Vancouver, Winnipeg and Toronto, is the transfer agent and registrar for the common shares of the Company.

10. TRANSFER FEE

No fee is charged on the transfer of the common shares other than the customary Government stock transfer taxes.

11. AUDITORS

The Auditors of the Company are Messrs. Thorne, Gunn, Helliwell & Christenson, 800 Bank of Montreal Bldg., Edmonton, Alberta.

OCTOBER 4, 1967

A copy of this prospectus has been filed with the Registrar of Joint Stock Companies of the Province of Alberta. No Securities Commission or similar authority in Canada has in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence. This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or the territories or possessions thereof.

NEW AND OUTSTANDING ISSUE

149,000 of the shares offered by this prospectus are being sold on behalf of shareholders of the Company and no proceeds of the sale of the said 149,000 shares will be received by the Company.

229,000 Common Shares

(Without nominal or par value)

KAPS TRANSPORT LTD.

(Incorporated under the Laws of the Province of Alberta)

TRANSFER AGENT AND REGISTRAR:

The Royal Trust Company – Edmonton, Vancouver, Winnipeg, Toronto.

We, as principals, offer these shares subject to prior sale and change in price, if, as and when issued and accepted by us, and subject to the approval of all legal matters on behalf of the Company by Messrs. Corbett, Field & Benkendorf, Edmonton, Alberta, and on our behalf by Messrs. Fasken & Calvin, Toronto, Ontario, who may rely upon the opinion of Counsel for the Company in respect to all matters of Alberta law.

Price: \$6.00 Per Share

	Price to Public	Proceeds to Underwriter	Proceeds to Company (1 & 2)	Proceeds to Selling Shareholders (3)
Per Unit	\$6.00	\$0.50	\$5.50	\$5.50
Total	\$1,374,000	\$114,500	\$440,000	\$819,500

- (1) Before deducting its share of expenses of issue estimated not to exceed \$10,000.
- (2) Of which \$295,000 will be used to redeem preferred shares as described more fully on page 7 of this prospectus.
- (3) As described more fully on pages 6 and 7 of this prospectus.

These Are Speculative Securities

There is at present no established market for the shares offered by this prospectus and the price thereof was determined by negotiation between the Underwriter, the Company and the Selling Shareholders.

Application has been made to list the Common Shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within 90 days.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that share certificates in definitive form will be available for delivery on or about December 15, 1967.

With the exception of the information and representations contained in this prospectus, no person is authorized by the Company or by us to give any information or to make any representation in connection with the issue and sale of these shares. If given or made, such information or representation cannot be relied upon as having been authorized by the Company or by us.

RICHARDSON SECURITIES OF CANADA

EXECUTIVE OFFICES: WINNIPEG

MONTREAL • QUEBEC • OTTAWA • TORONTO • WINNIPEG • CALGARY • EDMONTON • VANCOUVER • VICTORIA • PRINCE GEORGE • LETHBRIDGE • MEDICINE HAT
MOOSE JAW • REGINA • SASKATOON • SWIFT CURRENT • BRANDON • KENORA • KINGSTON • GALT • LONDON • SIMCOE • KITCHENER • CHATHAM • HAMILTON
WINDSOR • SAINT JOHN, N.B. • LONDON, ENGLAND.

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STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF CERTAIN PURCHASERS

The attention of purchasers in the Provinces of Ontario, Alberta and Saskatchewan of any of the securities offered by this prospectus is drawn to certain provisions of relevant legislation, namely: The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Alberta) and The Securities Act, 1967 (Saskatchewan), which provide such purchasers with:

- (a) the right to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus is received by the purchaser or his agent; and
- (b) the right to rescind the agreement of purchase by institution of legal proceedings within ninety days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of the respective statutory provisions summarized above are contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1967 (Alberta) and Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

The attention of purchasers in the Province of British Columbia of any of the securities offered by this Prospectus is drawn to certain provisions of the Securities Act, 1967 (British Columbia) which provides such purchasers with a right of rescission essentially similar to that summarized in paragraph (b) above. In addition, such purchasers are given the right to rescind a contract for the purchase of a security where the relevant prospectus was not delivered or notice thereof given to the purchaser, provided that written notice of intention to commence an action for rescission of the contract is served on the person who contracted to sell the security within 60 days of the date of delivery of written confirmation of sale and, further provided that the purchaser is still the owner of such security.

The full text of the relevant statutory provisions of the Securities Act, 1967 (British Columbia) summarized above are contained in Sections 61 and 62 thereof.

THE COMPANY

Kaps Transport Ltd. (hereinafter sometimes referred to as "Kaps") was incorporated by Memorandum of Association and Articles of Association under the laws of the Province of Alberta on May 23, 1957. On November 13, 1962 its name was changed by Special Resolution from Arctic Transport Ltd. to Kaps Oilfield Hauling Ltd., and on October 18, 1965 was changed by Special Resolution to its present form.

On September 20, 1967, amendments effected by Special Resolution converted the 21 issued and outstanding shares of a par value of \$1 into stock, reconverted such stock into 277,590 Common Shares without nominal or par value, increased the authorized capital to 1,000,000 common shares without nominal or par value, converted Kaps to a public company and made certain other changes in the Memorandum of Association and Articles of Association deemed appropriate to a public company. The registered office and principal office of Kaps is at 9520 - 51st Avenue, Edmonton, Alberta.

SUBSIDIARIES

Kaps has four wholly-owned subsidiaries, Wizard Transport Ltd., Bolsters Transport Ltd., Alberta Equipment Centre Ltd. and R. B. D. Earthmovers Ltd. The first two companies are holding companies for all Kaps' equipment and were acquired by Kaps from the shareholders of Kaps to consolidate the working assets used in Kaps' operations within the one company. Alberta Equipment Centre Ltd. deals in secondhand trucks and other moving equipment, some of which is acquired from the equipment holding companies. The shares of Alberta Equipment Centre Ltd. were acquired from the wives of the shareholders of Kaps. The transactions involving Wizard Transport Ltd., Bolsters Transport Ltd. and Alberta Equipment Centre Ltd. are more fully described under INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS on page 8 of this prospectus. R. B. D. Earthmovers Ltd. was incorporated in July, 1967 as a wholly-owned subsidiary to carry on the business of road building, land clearing and well site work.

BUSINESS OF THE COMPANY

Kaps Transport Ltd. and its subsidiaries (hereinafter sometimes collectively referred to as the "Company") are contract haulers operating a complete equipment moving service principally for the oil industry in Alberta, northern British Columbia, Saskatchewan, the Yukon, and the Northwest Territories. The operations have been carried on continuously since 1957, Kaps Transport Ltd. itself being involved since January 1, 1963. The Company moves drilling rigs, pipe, accommodations, mud, all types of construction equipment and supplies generally.

Problems of terrain in areas prospective for oil discovery have made movement of the heavy equipment involved in oil exploration extremely difficult. Consequently most exploratory drilling has been confined to winter months when frozen conditions permit transport over swamps and muskeg. Since 1965, however, the evaluation programs relating to lands offered for sale at the Alberta Government's quarterly land sales have necessitated exploration and consequently the movement of related equipment on a year around basis.

The Company's key personnel have acquired specialized knowledge concerning the movement of all types and sizes of freight in and the geography of those heretofore inaccessible areas where exploration is particularly active and made difficult by the nature of the terrain and the lack of roads and water crossings. Five of the Company's personnel, who are particularly knowledgeable with respect to the relevant geography and terrain and the size, weight, construction of drilling rigs and other equipment to be moved, erected and taken down, are responsible for estimating time, distances and costs of specific movements. Particular factors in the planning and execution of work are the selection of routes in the terrain to be traversed, organization and makeup of equipment trains, loading and reloading of freight, techniques of dealing with particular kinds of obstacles such as swamp, brush and river crossings and techniques of erection and dismantling of drilling rigs. The direction of field operations rests upon 12 field foremen. The Company has developed specialized equipment for both winter and summer conditions by adapting conventional and developing new equipment to deal with these problems.

Approximately 75 per cent of the Company's revenue and in excess of 75 per cent of profit is derived from moving cargo off highway by these specially adapted trucks and tracked vehicles.

Approximately 75 per cent of services are performed on an hourly or mileage basis and the balance under fixed contract. Except in British Columbia, basic hourly or mileage rates are established within the

trade and bear relation to operating costs. Rates are competitive. In British Columbia rates for hourly rated work must be filed with the Superintendent of Motor Carriers and changes must be approved by the Public Utilities Commission of the Province. Rates have been increased periodically as labor and material costs have risen.

There are more than 15 other companies providing equipment moving services in the same areas as the Company.

EQUIPMENT

The Company maintains a fleet of approximately 120 trucks and tractors with trailers of various types approximately 60 of which are hired on a daily or hourly basis from owner operators. In addition, the Company owns 15 crawler or similar type tractors, 2 single and 1 tandem Athey wagons, 2 Nodwells, a Foremost 6T and a Foremost 8T, 4 road graders, 3 truck mounted cranes, a portable tug and barge and a Cessna 411 aircraft. The Company leases from the manufacturer one Foremost 30T which lease expires June 5, 1970. The Company has an option to purchase the vehicle prior to the termination of the lease.

The Athey wagons are pull-type tracked carriers with a capacity singly of 10 tons and in tandem, 20 tons. The Nodwell and Foremost vehicles are specialized self propelled tracked carriers which exert a pressure on the ground when fully loaded of approximately 3½ pounds per sq. in. The Nodwells have a freight capacity of 20 tons each, the Foremost 6T and Foremost 8T capacities of approximately 8 to 10 tons of freight. The Foremost 30T has a capacity of over 30 tons of freight and is the largest vehicle of its kind in Canada.

The tug and five section barge, which may be carried by truck, were built for the Company to facilitate water crossings by equipment trains. The draft of the tug is 19 inches, that of the barge 13 inches empty and 37 inches with a maximum load of 110 tons. The tug and barge can also be used for general barge transport.

An analysis of the Company's self-propelled equipment and trailer fleet as at June 30, 1967 was as follows:

	Total	Gas	Diesel	Average Useful Remaining Life (Years)	Cost	Depreciation	Book Value
PASSENGER CARS	6	6		2	\$ 24,788	\$ 2,274	\$ 22,514
TRUCKS—Rated Capacity							
Pickups	13	13		3	41,017	5,946	35,071
5 Tons or less	10	10		2.5	71,888	29,837	42,051
20 Tons, On/Off Highway	18		18	9.7	337,096	97,770	239,326
30 Tons, Off Highway	16		16	9	371,407	100,195	271,212
50 Tons, Off Highway	3		3	11	114,736	24,279	90,457
Trailers	42			10	188,966	51,004	137,962
TRACKED CARRIERS							
Snow Cruiser	1	1		3	1,387	416	971
Self-Propelled	4		4	3.5	187,038	37,052	149,986
Trailers	3			10	6,250	1,383	4,867
CRAWLER TRACTORS	15		15	4.6	438,251	112,323	325,928
GRADERS	4		4	3	23,800	425	23,375
CRANES							
Bantam	2		2	5.5	9,642	2,100	7,542
Truck Mounted	3	3		2	9,860	1,508	8,352
FRONT-END LOADERS	1		1	3	4,526	302	4,224
TUG AND BARGE ASSEMBLY	1		1	20	55,516		55,516
AIRCRAFT	1	1		20	135,000	2,813	132,187
	143	34	64		\$2,021,168	\$469,627	\$1,551,541
			3				

It is the Company's policy to trade cars every year, gas trucks at least by the fifth year, and to maintain diesel equipment in top operating condition by rebuilding motors and replacing cabs and axles as necessary; thus giving the equipment useful life expectancies of up to 20 years.

The entire automotive fleet is "unitized" so that major parts are interchangeable. The unitization of the fleet makes possible efficiencies of operation due to low inventory costs, reduction of down time and standardization of maintenance. The Company maintains accessible inventories of parts and supplies which, at June 30, 1967, totalled \$193,418.

FACILITIES

The Company maintains offices in Edmonton, Peace River, Fort St. John, Fort Nelson and Whitehorse and terminals with service shops at Edmonton, Peace River, Fort St. John and Fort Nelson. A serviced lot without buildings is used as a terminal at Swan Hills. The Company has temporary facilities at Rainbow Lake and Zama Lake consisting of portable camp buildings, service shops, and fuel storage facilities located on leased land. The properties at Edmonton and Fort St. John are rented from Reinhold Kapchinsky and Gerhard Kapchinsky respectively under leases expiring August 31, 1977 with options to renew upon the same terms for a further five years as more fully described under INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS on page 8 of this prospectus. The other properties are owned by the Company.

The six service shops comprise a total of 31,000 sq. ft. including portable service shops of 2,000 sq. ft. each at Rainbow Lake and Zama Lake.

CAPITAL EXPENDITURES

Capital expenditures of the Company for the five years ended June 30, 1967 were as follows:

<u>Year</u>	<u>Total</u>	<u>Wheeled Equipment</u>	<u>Tracked Equipment</u>	<u>Buildings</u>	<u>Other</u>
1963	\$300,292	\$236,387	\$ 39,471	\$ 300	\$ 24,134
1964	331,983	231,300	92,500	262	7,921
1965	455,863	414,030	26,500	—	15,333
1966	548,754	288,450	230,700	300	29,304
1967	977,281	324,763	265,984	84,844	301,690

The Company anticipates future annual capital expenditures will approximate \$500,000.

MANAGEMENT AND PERSONNEL

The principal officers of Kaps, Messrs. Reinhold, Gerhard and Helmut Kapchinsky, have general responsibility for the direction of the Company. They have each been involved in the contract hauling industry for a minimum of 14 years. In addition, Mr. Reinhold Kapchinsky was Sales Manager for the Northern Alberta distributor for White Motor Company of Canada, Limited from August, 1957 until November, 1960.

Mr. Leroy Bottorf, who has been with the Company for 9 years, is responsible for the day to day operations of the Company.

The Company's seven other managerial positions are defined on a regional or functional basis. The Company has a plan of personnel development designed to insure qualified replacements for these positions.

The Company has approximately 175 permanent employees. In addition, approximately 75 owner-operators and their helpers of the trucks hired by the Company are under the direction of the Company.

The labour relations of the Company are considered excellent and wages compare favourably with those in competitive employment in the area.

DESCRIPTION OF SHARES

The Common Shares without nominal or par value of Kaps are entitled to one vote per share at all meetings of the shareholders of Kaps and have equal rights with respect to dividends, voting and distributions on liquidation. Holders of Common Shares have no preemptive or conversion rights. The Common Shares offered hereby will upon their sale to the underwriter be fully paid and non-assessable.

CAPITALIZATION

	Amount Authorized or to be Authorized	Outstanding on June 30 1967	Outstanding on September 30 1967	To be outstanding on completion of this financing
Long Term Debt: *				
Bank Loans, net				
Kaps	\$159,524	\$159,524	\$134,285	\$125,822
A Subsidiary**	131,727	131,727	121,438	117,898
	<u>\$291,251</u>	<u>\$291,251</u>	<u>\$255,723</u>	<u>\$243,720</u>
Sundry				
A Subsidiary**	open	\$ 66,905	\$ 76,124	\$ 69,678
Share Capital:				
4% Cumulative Re- deemable Preferred				
Shares: par value \$100	5,000 shares	2,950 shares	2,950 shares	Nil
Common Shares				
par value \$1	20,000 shares	21 shares	Nil	Nil
Common Shares				
without nominal or par value	1,000,000 shares	Nil	500,000 shares	580,000 shares

*The bank loans of the Company, which at June 30, 1967 include a current bank loan of Kaps of \$153,187 not referred to above, are all secured by a general assignment of book debts and bear an effective rate of interest of 6½%. The long term bank loans referred to above are repayable collectively \$13,488 per month blended interest and principal. Sundry represents indebtedness incurred in the purchase of equipment and is secured by a charge against such equipment.

**Wizard Transport Ltd.

Reference is made to note 10 to the Balance Sheet and Pro Forma Consolidated Balance Sheet as at June 30, 1967 of Kaps for information regarding long term lease obligations of Kaps.

RECENT SHARE TRANSACTIONS

Pursuant to an agreement dated October 2, 1967, Reinhold, Gerhard and Helmut Kapchinsky collectively entered into an agreement to sell 30,000 Common Shares (being 10,000 shares each) to six senior employees at a price of \$5.50 per share. Completion of the sale is subject to certain conditions unfulfilled as of the date hereof and no shares have yet been transferred.

Other share transactions are referred to under INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS on page 8 of this prospectus.

PRINCIPAL HOLDERS OF SHARES AND SELLING SHAREHOLDERS

As at September 30, 1967 the following owned 10% or more of the Common Shares of Kaps:

Name	Designation of Class	Type of Ownership	Number Owned	Number Offered by this Prospectus	Number to be Owned After Offering	Percentage of Class
Reinhold Kapchinsky 7151 - 85th Street Edmonton, Alberta	Common Shares	Of Record & Beneficially	156,667	46,667	110,000	19.3%
Gerhard Kapchinsky Box 98, Fort St. John British Columbia	Common Shares	Of Record & Beneficially	156,667	46,667	110,000	19.3
Helmut Kapchinsky 4908 - 116A Street Edmonton, Alberta	Common Shares	Of Record & Beneficially	156,666	46,666	110,000	19.3
Directors as Group	Common Shares	Of Record & Beneficially	470,000	140,000	330,000	57.9

The following are also Selling Shareholders, the shares being acquired on October 2, 1967 as described more fully under INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS on page 8 of this prospectus.

Martha Kapchinsky 7151 - 85th Street Edmonton, Alberta	Common Shares	Of Record & Beneficially	10,000	3,000	7,000	1.2%
Elizabeth Kapchinsky Box 98, Fort St. John British Columbia	Common Shares	Of Record & Beneficially	10,000	3,000	7,000	1.2%
Susan Kapchinsky 4908 - 116A Street Edmonton, Alberta	Common Shares	Of Record & Beneficially	10,000	3,000	7,000	1.2%

10,000 shares of the holdings of each of Reinhold, Gerhard and Helmut Kapchinsky are subject to the agreement of sale to certain senior employees referred to under RECENT SHARE TRANSACTIONS on page 5 of this prospectus.

SHARES IN ESCROW

100,000 of the Common Share holdings of each of Reinhold, Gerhard and Helmut Kapchinsky are subject to an Escrow Agreement dated October 4, 1967 between Reinhold, Gerhard and Helmut Kapchinsky on one part, Kaps on one part, the underwriter on one part, and the Royal Trust Company as Trustee, which provides that at the closing of the underwriting such shares will be placed in escrow and thereafter may be released or transferred on the books of the Company in five equal annual installments commencing October 1, 1968.

	Number of Common Shares	Percentage of Class
Reinhold Kapchinsky	100,000	17.2%
Gerhard Kapchinsky	100,000	17.2
Helmut Kapchinsky	100,000	17.2

UNDERWRITING

Under a letter agreement with Richardson Securities of Canada dated October 3, 1967 Kaps and the selling shareholders have agreed to sell and Richardson Securities of Canada has agreed to buy 80,000 Common Shares and 149,000 Common Shares respectively as offered hereby at an aggregate price of \$1,259,500 payable in cash against delivery of such shares on or about December 15, 1967. The obligations of Richardson Securities of Canada are subject to the fulfilment of legal requirements and certain other terms and conditions stated in such letter agreement.

APPLICATION OF PROCEEDS

The estimated net proceeds to Kaps from the sale of the Common Shares of approximately \$430,000, after deducting its share of expenses connected with the issue estimated not to exceed \$10,000, will be used to the extent of \$295,000 to redeem the 2,950 4% Cumulative Redeemable Preferred Shares currently outstanding and held by a Pension Trust on behalf of the executive pension plan referred to in note 3 to the Statements of Earnings and Retained Earnings for the five years ended June 30, 1967 of Kaps and to the extent of \$135,000 to reduce the bank overdraft.

DIVIDENDS

The following is the dividend record with respect to Kaps' share capital for each of the years shown:

<u>Year Ended June 30</u>	<u>Number of Preferred Shares Outstanding</u>	<u>Dividend per Preferred Share</u>	<u>Dividend per Common Share</u>	<u>Total Dividend</u>
1963	—	—	—	—
1964	—	—	—	—
1965	—	—	—	—
1966	3,468*	\$4.00	—	\$10,292
1967	2,950	4.00	—	11,800

*Of which 1,650 shares were outstanding for 11 months and 1,818 shares were outstanding for 7 months. 518 shares were redeemed on June 30, 1966.

It is the intention of the Board of Directors of Kaps to establish a semi-annual dividend of 15¢ per share on the Common Shares.

DIRECTORS AND OFFICERS

The names in full, occupations and home addresses of the officers and directors of the Company are as follows:

<u>Name and Address</u>	<u>Position with Kaps</u>	<u>Principal Occupation within Five Preceding Years</u>
Reinhold Kapchinsky, 7151 - 85th Street, Edmonton, Alberta.	President & Director	Senior Officer, Kaps Transport Ltd.
Gerhard Kapchinsky, Box 98, Fort St. John, British Columbia.	Vice-President & Director	Senior Officer, Kaps Transport Ltd.
Helmut Kapchinsky 4908 - 116A Street, Edmonton, Alberta.	Secretary-Treasurer & Director	Senior Officer, Kaps Transport Ltd.
George Charles Field, 12428 Grand View Drive, Edmonton, Alberta.	Director	Partner, Corbett, Field & Benkendorf
Robert Alexander Dunn, 107 Westbrook Drive, Edmonton, Alberta.	Director	President, Cardium Supply Ltd.

By reason of an Ordinary Resolution passed under the authority of the Articles of Association of Kaps by the shareholders of Kaps on October 3, 1967 the number of directors of Kaps was increased from three to seven. It is anticipated that such vacancies as presently exist will be filled in the near future.

The Articles of Association of Kaps provide that the directors shall be paid out of funds of the Company by way of remuneration for their services such sums as the Company may in general meeting from time to time determine, and such remuneration shall be divided amongst them in such proportions and manner as the directors may determine, and in default of such determination within a year equally.

The aggregate remuneration paid by Kaps during its last financial year ended June 30, 1967 to directors of Kaps, as such, was nil and to officers of Kaps who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was \$114,000.

The aggregate remuneration paid to directors and senior officers of Kaps for the 3 months ended September 30, 1967 was \$6,300. The cost of all pension benefits under normal pension plans for directors and senior officers for the year ended June 30, 1967 was \$4,500.

The cost of past service pension benefits under normal pension plans for directors and senior officers for the years ended June 30, 1965 and 1966 were \$165,000 and \$181,800 respectively.

The aggregate remuneration estimated to be paid or payable by Kaps during the current financial year ending June 30, 1968 to directors of Kaps, as such, is \$700 and to officers of Kaps who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum is \$75,000.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On September 1, 1967 Kaps entered into leases with Reinhold Kapchinsky and Gerhard Kapchinsky for premises occupied by Kaps in Edmonton and Fort St. John respectively. The leases are for the ten years ending August 31, 1977 with options to renew for five years on similar bases. The leases are on a "net net" basis and call for an annual rental of \$18,000 for the premises at Edmonton and \$10,500 for those at Fort St. John.

On September 20, 1967 Kaps entered into an agreement whereunder 192,410 Common Shares of Kaps at \$5.50 per share were issued in equal amounts to Reinhold, Gerhard and Helmut Kapchinsky for all the issued and outstanding shares of Wizard Transport Ltd. and Bolsters Transport Ltd. The value of the shares so issued exceeded the book values of the shares of Wizard Transport Ltd. and Bolsters Transport Ltd. by \$370,638 and \$79,362 respectively.

On October 2, 1967 Kaps entered into an agreement whereunder 30,000 Common Shares of Kaps at \$5.50 per share were issued in equal amounts to the wives of Reinhold, Gerhard and Helmut Kapchinsky for all the issued and outstanding shares of Alberta Equipment Centre Ltd. The value of the shares so issued exceeded the book value of the shares of Alberta Equipment Centre Ltd. by \$17,630.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Auditors of the Company are Thorne, Gunn, Helliwell & Christenson, 800 Bank of Montreal Building, Edmonton, Alberta. The Transfer Agent and Registrar of the Common Shares of Kaps is the Royal Trust Company at its branches in Edmonton, Vancouver, Winnipeg and Toronto. Kaps acts as its own transfer agent and registrar for its Preferred Shares.

MATERIAL CONTRACTS

The only material contract entered into by Kaps or its subsidiaries within the two years preceding the date of this prospectus, other than those referred to under INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS above, is the Underwriting Agreement with Richardson Securities of Canada referred to on page 7 of this prospectus.

Copies of all Material Contracts may be inspected at the head office of Kaps at 9520-51 Avenue, Edmonton, Alberta while the shares offered hereby are in primary distribution and for thirty days thereafter.

KAPS TRANSPORT LTD.
(Incorporated under the laws of Alberta)
Balance Sheet and Pro Forma Consolidated Balance Sheet (Note 1)
as at June 30, 1967

The Pro Forma Consolidated Balance Sheet gives effect as at June 30, 1967
to the transactions set out in Note 1.

	<u>Assets</u>	<u>Balance Sheet</u>	<u>Pro Forma Consolidated Balance Sheet</u>
CURRENT ASSETS			
Cash		\$	\$ 12,404
Term deposits, 4¼%		50,000	50,000
Accounts receivable		733,785	744,079
Agreements and loans receivable		35,000	85,587
Inventories of parts and supplies, at cost		193,418	193,418
Inventories of automotive and heavy equipment, at lower of cost and net realizable value			20,065
Prepaid expenses and deposits		13,678	14,720
		<u>1,025,881</u>	<u>1,120,273</u>
ADVANCES TO AFFILIATED COMPANIES (note 2)		<u>617,261</u>	
OTHER ASSETS			
Deferred finance charges			4,217
Special refundable tax		8,131	18,759
		<u>8,131</u>	<u>22,976</u>
FIXED ASSETS (note 3)			
Land, buildings and equipment, at cost		10,356	2,358,098
Less accumulated depreciation		4,842	553,874
		<u>5,514</u>	<u>1,804,224</u>
INTANGIBLES AND DEFERRED CHARGES			
Excess of cost over book value at dates of acquiring shares in subsidiaries (note 4)			467,630
Reorganization and financing expenses			10,000
			<u>477,630</u>
		<u>\$1,656,787</u>	<u>\$3,425,103</u>

The accompanying notes are an integral part of the financial statements.

KAPS TRANSPORT LTD.
(Incorporated under the laws of Alberta)

Balance Sheet and Pro Forma Consolidated Balance Sheet (Note 1)
as at June 30, 1967

The Pro Forma Consolidated Balance Sheet gives effect as at June 30, 1967
to the transactions set out in Note 1.

	<u>Liabilities</u>	<u>Balance Sheet</u>	<u>Pro Forma Consolidated Balance Sheet</u>
CURRENT LIABILITIES			
Bank overdraft (note 6)		\$ 153,187	\$ 18,187
Accounts payable		380,959	382,927
Advances from affiliated company (note 5)		93,701	
Salaries and wages payable		90,429	108,429
Income taxes payable		86,986	111,078
Principal instalments due within one year on long-term debt		100,000	190,500
		<u>905,262</u>	<u>811,121</u>
LONG-TERM DEBT (note 6)			
Finance contracts			66,905
Bank loan less collateral cash account of \$25,000		159,524	291,251
		<u>159,524</u>	<u>358,156</u>
Less principal instalments included in current liabilities		100,000	190,500
		<u>59,524</u>	<u>167,656</u>
DEFERRED INCOME TAXES (note 7)			<u>386,070</u>
Shareholders' Equity			
CAPITAL STOCK (note 8)			
Issued		295,021	1,663,276
RETAINED EARNINGS			
Appropriated			
Capital redemption reserve fund (note 9)		51,800	
Unappropriated		345,180	396,980
		<u>396,980</u>	
		692,001	2,060,256
		<u>\$1,656,787</u>	<u>\$3,425,103</u>
LONG-TERM LEASES (note 10)			
POST BALANCE SHEET EVENTS (note 11)			

Approved on behalf of the Board:

(Signed) R. Kapchinsky, Director

(Signed) H. D. Kapchinsky, Director

The accompanying notes are an integral part of the financial statements

KAPS TRANSPORT LTD.

Notes to Balance Sheet and Pro Forma Consolidated Balance Sheet as at June 30, 1967

1. PRO FORMA TRANSACTIONS

The pro forma consolidated balance sheet gives effect at June 30, 1967 to the following transactions:

- (a) The purchase from treasury at par of 90 common shares of \$1 par value of R. B. D. Earthmovers Ltd., a newly incorporated wholly-owned subsidiary.
- (b) The reduction of the authorized share capital of the company under the provisions of the Alberta Companies Act from \$520,000 to \$315,000 by the cancellation of 2,050 unissued 4% cumulative redeemable preferred shares of \$100 par value.
- (c) The transfer of the capital redemption reserve fund of \$51,800 (see note 9) to retained earnings.
- (d) The increase of the authorized capital of the company to \$6,295,000 by the cancellation of 20,000 common shares of \$1 par value presently authorized and the creation of 1,000,000 common shares without nominal or par value.
- (e) The conversion of the presently issued 21 common shares to stock and the reconversion of such stock into 277,590 new common shares.
- (f) The issue of 222,410 common shares being 164,350, 28,060 and 30,000 shares at \$5.50 per share for all the issued and outstanding shares of Wizard Transport Ltd., Bolsters Transport Ltd. and Alberta Equipment Centre Ltd., respectively.
- (g) The issue and sale for cash of 80,000 common shares at \$5.50 per share.
- (h) The redemption for cash of the 2,950 4% cumulative redeemable preferred shares of \$100 par value.
- (i) The reduction of the authorized share capital under the provisions of the Alberta Companies Act from \$6,295,000 to \$6,000,000 by the cancellation of the presently issued 2,950 4% cumulative redeemable preferred shares of \$100 par value.
- (j) The payment of estimated reorganization costs and expenses of the issue of \$10,000.

The pro forma consolidated balance sheet includes the accounts of Kaps Transport Ltd. and all of its subsidiary companies, Wizard Transport Ltd., Bolsters Transport Ltd., R. B. D. Earthmovers Ltd. and Alberta Equipment Centre Ltd., all of which will be wholly owned.

Of the 580,000 common shares to be outstanding 300,000 are subject to an escrow agreement dated October 4, 1967 between Reinhold, Gerhard and Helmut Kapchinsky on one part, the underwriter on one part, and the Royal Trust Company as Trustee which provides that such shares may be released from escrow or transferred on the books of the company in five equal annual instalments commencing October 1, 1968.

2. ADVANCES TO AFFILIATED COMPANIES

These amounts have been advanced by the company to Wizard Transport Ltd. and Bolsters Transport Ltd. Inter-company accounts are eliminated in the pro forma consolidated balance sheet.

3. FIXED ASSETS

	Cost	Accumulated Depreciation	Net
Balance sheet			
Leasehold improvements	\$ 10,356	\$ 4,842	\$ 5,514
Pro forma consolidated balance sheet			
Land	9,000		9,000
Buildings	85,706	5,579	80,127
Automotive equipment	1,883,883	484,025	1,399,858
Portable field equipment	101,464	18,153	83,311
Aircraft	135,000	2,813	132,187
Marine equipment	55,516		55,516
Leasehold improvements	21,985	16,111	5,874
Office and shop equipment	65,544	27,193	38,351
	\$2,358,098	\$ 553,874	\$1,804,224

Annual depreciation rates adopted by the company are:

- (a) On a diminishing balance basis:
 - (1) Concrete block buildings _____ 5%
 - (2) Frame buildings _____ 10%
 - (3) Office and shop equipment _____ 20%

(b) On a straight line basis:

(1) Tracked equipment	20%
(2) Gasoline powered units	20%
(3) Diesel powered units	10%
(4) Portable field equipment	20%
(5) Aircraft	12.5%
(6) Marine Equipment	10%
(7) Leasehold improvements — equal annual instalments over the life of the lease.	

4. PURCHASE OF SUBSIDIARIES

The excess of cost over book value at the date of acquisition of the subsidiaries (note 1 (f)) will be as follows:

	Cost	Book Value	Excess
Wizard Transport Ltd.	\$ 903,925	\$ 533,287	\$ 370,638
Bolsters Transport Ltd.	154,330	74,968	79,362
Alberta Equipment Centre Ltd.	165,000	147,370	17,630
	<u>\$1,223,255</u>	<u>\$ 755,625</u>	<u>\$ 467,630</u>

R. B. D. Earthmovers Ltd. was incorporated on July 27, 1967 as a wholly-owned subsidiary. Its shares were acquired at par (note 1 (a)).

5. ADVANCES FROM AFFILIATED COMPANY

This amount is payable to Alberta Equipment Centre Ltd. Inter-company accounts are eliminated on the pro forma consolidated balance sheet.

6. LONG-TERM DEBT

The bank loans of the companies are as follows:

	Balance Sheet	Pro Forma Consolidated Balance Sheet
Kaps Transport Ltd. (nominal interest rate, 6%) less collateral cash account of \$25,000 repayable \$9,301 per month principal and interest	\$ 159,524	\$ 159,524
Wizard Transport Ltd. — 6¼% repayable \$4,187 per month principal and interest		131,727
	<u>\$ 159,524</u>	<u>\$ 291,251</u>

The bank loans and the bank overdraft are secured by a general assignment of book debts. Kaps Transport Ltd. is contingently liable as guarantor of the bank loan of Wizard Transport Ltd.

The finance contracts are secured by the equipment pledged under the contracts. Finance charges are added at the beginning of the contract and amortized over the life of the contract. The finance contracts at June 30, 1967 are repayable as follows:

Year ended June 30, 1968	\$48,500
Year ended June 30, 1969	18,405
	<u>\$66,905</u>

7. DEFERRED INCOME TAXES

It is the company's general practice to claim for income tax purposes maximum capital cost allowances. Such allowances for the years to 1967 are in excess of depreciation provided in the accounts. The resulting reduction in income taxes currently payable have been charged against earnings of the year and included in the total set aside on the balance sheet as deferred income taxes.

8. CAPITAL STOCK

	Balance Sheet	Pro Forma Consolidated Balance Sheet
Authorized		
20,000 Common shares of \$1 par value (Pro forma 1,000,000 common shares without nominal or par value — maximum consideration \$6,000,000).		
5,000* 4% Cumulative redeemable preferred shares of \$100 par value, redeemable at par (Pro forma — nil).		
Issued		
21 Common shares (Pro forma 580,000 common shares)	\$ 21	\$1,663,276
2,950 4% Preferred shares	295,000	
	<u>\$295,021</u>	<u>\$1,663,276</u>

*of which 518 shares have been issued, redeemed and are not subject to reissue.

9. CAPITAL REDEMPTION RESERVE FUND

This amount is required by the Alberta Companies Act as a result of the redemption at par in 1966 of 518 4% cumulative preferred shares of \$100 par value. It is not available for payment of dividends unless and until transferred to retained earnings under the statutory procedures for reduction of capital. Subsequent to the balance sheet date the company has complied with the statutory requirements and this amount has been transferred to retained earnings. (See note 1 (c)). A capital redemption reserve fund will not be required upon the redemption of the 2,950 4% cumulative preferred outstanding at June 30, 1967 (note 1 (h)) as the company intends to reduce its authorized share capital at the same time (note 1 (i)).

10. LONG-TERM LEASES

The company rents, from two of its directors, two buildings under long-term "net net" leases which expire August 31, 1977, the annual rentals for which total \$28,500. There are options to extend the leases a further five years at the same annual rentals.

11. POST BALANCE SHEET EVENTS

Subsequent to June 30, 1967 the company has:

- (a) Purchased from treasury the shares of R. B. D. Earthmovers Ltd., a newly incorporated wholly-owned subsidiary (note 1 (a)).
- (b) Reduced its authorized share capital from \$520,000 to \$315,000 by the cancellation of 2,050 unissued 4% cumulative redeemable preferred shares of \$100 par value (note 1 (b)).
- (c) Agreed to enter into an underwriting agreement with Richardson Securities of Canada and carry out all other transactions described in note 1.

KAPS TRANSPORT LTD.

Statement of Earnings for the five years ended June 30, 1967

	1967	1966	1965	1964	1963 Six Months (Note 1)
Trucking revenue	\$5,066,611	\$4,527,209	\$3,234,929	\$2,591,938	\$ 971,609
Less hired truck costs	1,591,054	1,431,992	1,142,046	1,070,911	506,557
	<u>3,475,557</u>	<u>3,095,217</u>	<u>2,092,883</u>	<u>1,521,027</u>	<u>465,052</u>
Expenses					
Direct operating	2,453,813	2,218,693	1,651,322	1,290,223	403,622
Shop	294,228	52,884	51,152	19,991	-----
General and administrative (note 2)	322,240	297,699	221,384	188,417	46,370
Provision for depreciation	2,066	1,902	874	-----	-----
Interest on long-term debt	7,801	9,020	-----	-----	-----
	<u>3,080,148</u>	<u>2,580,198</u>	<u>1,924,732</u>	<u>1,498,631</u>	<u>449,992</u>
	395,409	515,019	168,151	22,396	15,060
Other income	4,314	2,224	7,209	8,632	-----
Net earnings before income taxes	399,723	517,243	175,360	31,028	15,060
Income taxes	191,385	252,778	89,197	6,577	3,765
NET EARNINGS FOR THE YEAR	<u>\$ 208,338</u>	<u>\$ 264,465</u>	<u>\$ 86,163</u>	<u>\$ 24,451</u>	<u>\$ 11,295</u>

The accompanying notes are an integral part of the financial statements.

KAPS TRANSPORT LTD.
Statement of Retained Earnings
for the five years ended June 30, 1967

	1967	1966	1965	1964	1963 Six Months (Note 1)
BALANCE AT BEGINNING OF YEAR	\$ 148,642	\$ 37,169	\$ 33,506	\$ 9,055	\$ (2,240)
Add					
Income tax savings on past service contributions to executive pension plan (note 3)		90,900	82,500		
Net earnings for the year	208,338	264,465	86,163	24,451	11,295
	<u>356,980</u>	<u>392,534</u>	<u>202,169</u>	<u>33,506</u>	<u>9,055</u>
Deduct					
Past service contribution to executive pension plan (note 3)		181,800	165,000		
Dividends paid on preferred shares	11,800	10,292			
Transfer to capital redemption reserve fund		51,800			
	<u>11,800</u>	<u>243,892</u>	<u>165,000</u>		
BALANCE AT END OF YEAR	<u>\$ 345,180</u>	<u>\$ 148,642</u>	<u>\$ 37,169</u>	<u>\$ 33,506</u>	<u>\$ 9,055</u>

The accompanying notes are an integral part of the financial statements.

KAPS TRANSPORT LTD.
Notes to Statements of Earnings and Retained Earnings
for the five years ended June 30, 1967

1. YEAR ENDED JUNE 30, 1963

The company commenced operations on January 1, 1963 by reactivating the trucking operations of Arctic Transport Ltd., an inactive company, and changing its name to Kaps Oilfield Hauling Ltd. The deficit of Arctic Transport Ltd. at that time was \$2,240. The name of the company was changed again on October 18, 1965 to Kaps Transport Ltd.

2. EXECUTIVE SALARIES

Executive salaries for the five years ended June 30, 1967 were as follows:

1967	\$114,000
1966	106,700
1965	88,100
1964	73,200
1963	3,000

3. EXECUTIVE PENSION PLAN

The company has an executive pension plan covering its three executive officers. Past service liability to the plan has been fully funded by payments to the plan in 1965 and 1966 of \$165,000 and \$181,800 respectively. These lump sum payments and the resulting income tax savings have been omitted from the earnings statements and are recorded in retained earnings. The company is committed to pay \$4,500 per year to the plan for current services.

KAPS TRANSPORT LTD.
and affiliated companies

Combined Statement of Earnings (Note 1)
for the five years ended June 30, 1967

	1967	1966	1965	1964	1963
Trucking Revenue	\$5,066,611	\$4,527,209	\$3,234,929	\$2,591,938	\$2,192,522
Less hired truck costs	1,591,054	1,431,992	1,142,046	1,070,911	1,129,199
	<u>3,475,557</u>	<u>3,095,217</u>	<u>2,092,883</u>	<u>1,521,027</u>	<u>1,063,323</u>
Expenses					
Direct operating	1,854,935	1,581,367	1,148,900	879,662	634,160
Shop	287,435	192,143	186,490	122,472	66,630
General and administrative (note 3)	355,457	334,297	250,071	204,718	163,842
Provision for depreciation (note 2)	260,799	183,318	132,091	108,400	65,555
Interest on long-term debt	17,715	26,607	25,354	26,930	16,763
	<u>2,776,341</u>	<u>2,317,732</u>	<u>1,742,906</u>	<u>1,342,182</u>	<u>946,950</u>
	699,216	777,485	349,977	178,845	116,373
Other income (note 4)	45,465	15,006	30,149	21,426	19,034
Profit (loss) on disposal of fixed assets (note 2) ..	17,843	(24,904)	16,398	19,343	(2,487)
Combined net earnings before income taxes	762,524	767,587	396,524	219,614	132,920
Income taxes (notes 2 and 5)	356,034	364,982	179,904	74,899	60,379
COMBINED NET EARNINGS					
FOR THE YEAR	<u>\$ 406,490</u>	<u>\$ 402,605</u>	<u>\$ 216,620</u>	<u>\$ 144,715</u>	<u>\$ 72,541</u>

The accompanying notes are an integral part of the financial statements.

KAPS TRANSPORT LTD.
and affiliated companies

Notes to Combined Statement of Earnings
for the five years ended June 30, 1967

1. AFFILIATED COMPANIES

The combined statement of earnings includes the earnings of Kaps Transport Ltd. and its affiliated companies Wizard Transport Ltd. and Bolsters Transport Ltd. which are wholly owned by the three shareholders of Kaps Transport Ltd. and Alberta Equipment Centre Ltd. which is owned by the three shareholders' wives. The companies have operated as an economic unit with Wizard Transport Ltd. and Bolsters Transport Ltd. owning the equipment operated by Kaps Transport Ltd. and Alberta Equipment Centre Ltd. operating a repair shop operation. On September 1, 1966 the repair shop operation was transferred to Kaps Transport Ltd. As set forth in Note 1 to the pro forma balance sheet of Kaps Transport Ltd., it is the intention that the affiliated companies become wholly-owned subsidiaries of Kaps Transport Ltd.

All inter-company transactions have been eliminated from these statements.

2. CHANGES IN ACCOUNTING POLICIES

Until June 30, 1966 Wizard Transport Ltd. and Bolsters Transport Ltd. provided depreciation on automotive and portable field equipment using the reducing balance method. Effective July 1, 1966 these companies adopted a straight line method of providing depreciation designed to write off the cost of these assets in equal instalments over their estimated useful life. At the same time the accumulated depreciation accounts were adjusted with respect to assets on hand by applying the policy retroactively to the date of acquisition of the assets.

Until June 30, 1966 Wizard Transport Ltd. and Bolsters Transport Ltd. claimed in their income tax returns such amounts of capital cost allowance as would reduce income taxes payable to a minimum and provided in their accounts only for the income taxes currently payable. To that date this policy had resulted in an accumulated reduction in income taxes of \$267,187. At July 1, 1966 this amount was transferred to the companies' "deferred income taxes" accounts. For 1967 and future years the companies will make full provision for income taxes on reported net earnings but intend to conserve cash by claiming maximum tax benefits from capital cost allowances.

The comparative combined statements of earnings for 1966 and prior years have been adjusted to reflect these changes in policy which have had the effect of increasing the combined net earnings of the companies as follows:

	<u>Decrease in Depreciation</u>	<u>Profits and Losses on Fixed Asset Disposals</u>	<u>Increase in Income Taxes</u>	<u>Increase in Earnings</u>
1967	\$124,080	\$ 4,341	\$118,883	\$ 9,538
1966	129,512	(30,849)	70,039	28,624
1965	107,242	2,648	56,544	53,346
1964	87,607	(248)	51,286	36,073
1963	97,663	(6,903)	54,348	36,412

3. EXECUTIVE SALARIES

It is the intention of management to limit the aggregate of the salaries to the three executive officers of the company to \$75,000 per annum. Executive salaries included in the combined statement of earnings are as follows:

1967	\$136,200
1966	134,400
1965	116,200
1964	99,000
1963	43,050

4. OTHER INCOME

Included in other income is the net trading profit on an equipment sales operation carried on by Alberta Equipment Centre Ltd. The sales and net trading profit for this operation in the last five years were as follows:

	<u>Sales</u>	<u>Net Trading Profit</u>
1967	\$126,933	\$37,458
1966	64,680	8,106
1965	80,985	13,329
1964	68,100	8,787
1963	113,587	14,312

5. INCOME TAXES

In accordance with the change in income tax reporting policy outlined in note 2 income taxes payable for the year ended June 30, 1967 have been reduced by \$118,883. This amount has been transferred to the "deferred income taxes" accounts. The effect of this change for the year ended June 30, 1966 and prior years is outlined in the table presented in note 2.

AUDITORS' REPORT

To the Directors of
Kaps Transport Ltd.

We have examined the balance sheet and the pro forma consolidated balance sheet of KAPS TRANSPORT LTD. as at June 30, 1967 and the statements of earnings and retained earnings for the five years then ended. We have also examined the combined statement of earnings of KAPS TRANSPORT LTD. and its affiliated companies, WIZARD TRANSPORT LTD., BOLSTERS TRANSPORT LTD., and ALBERTA EQUIPMENT CENTRE LTD. for the five years ended June 30, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying balance sheet presents fairly the financial position of the company as at June 30, 1967;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies at June 30, 1967 after giving effect to the transactions set forth in Note 1 to the balance sheet;
- (c) The accompanying statements of earnings and retained earnings present fairly the results of the operations of the company for the five years ended June 30, 1967;
- (d) The accompanying combined statement of earnings of Kaps Transport Ltd. and its affiliated companies presents fairly the results of the operations of the companies for the five years ended June 30, 1967;

all in accordance with generally accepted accounting principles applied on a consistent basis.

(Signed) THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants.

Edmonton, Canada
September 14, 1967.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario), under the Securities Act (Quebec), by Part VII of The Securities Act, 1967 (British Columbia), by Part VIII of The Securities Act, 1967 (Saskatchewan), and by Part VII of The Securities Act, 1967 (Alberta), and the regulations under the said statutes, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

On behalf of the Board of Directors

DATED October 4, 1967.

Edmonton, Alberta, Canada

(Signed) R. Kapchinsky
President, Chief Executive Officer

(Signed) G. Kapchinsky
Director

(Signed) H. D. Kapchinsky
Chief Financial Officer

(Signed) R. A. Dunn
Director

DIRECTORS

(Signed) R. Kapchinsky
(Signed) H. D. Kapchinsky
(Signed) G. Kapchinsky
(Signed) R. A. Dunn
(Signed) George Field

To the best of our knowledge, information, and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario), under The Securities Act (Quebec), by Part VII of The Securities Act, 1967 (British Columbia), by Part VIII of The Securities Act, 1967 (Saskatchewan), and by Part VII of The Securities Act, 1967 (Alberta), and the regulations under the said statutes and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER

RICHARDSON SECURITIES OF CANADA
Per (Signed) F. N. Hughes

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Richardson Securities of Canada: James A. Richardson, George T. Richardson.

DATED October 4, 1967.

Winnipeg, Manitoba, Canada.

12.

DIRECTORS

Reinhold Kapchinsky	Senior Officer, Kaps Transport Ltd.	7151 - 85th Street, Edmonton, Alberta
Gerhard Kapchinsky	Senior Officer, Kaps Transport Ltd.	Box 98, Fort St. John, British Columbia
Helmut Kapchinsky	Senior Officer, Kaps Transport Ltd.	4908 - 116A. Street, Edmonton, Alberta
George C. Field	Partner, Corbett, Field & Benkendorf	12428 Grandview Drive, Edmonton, Alberta
Robert Alexander Dunn	President, Cardium Supply Ltd.	107 Westbrook Drive, Edmonton, Alberta
Richard A. N. Bonnycastle,	Executive	7208 South Drive, Winnipeg, Manitoba

13.

OFFICERS

Reinhold Kapchinsky	President	7151 - 85th Street, Edmonton, Alberta
Gerhard Kapchinsky	Vice-President	Box 98, Fort St. John, British Columbia
Helmut Kapchinsky	Secretary-Treasurer	4908 - 116A. Street, Edmonton, Alberta

14.

CERTIFICATE

Pursuant to a resolution passed by the Board of Directors the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the Statements and representations made in this application and in the documents submitted in support thereof are true and correct.



KAPS TRANSPORT LTD.

by "R. KAPCHINSKY",
President.

by "H. W. KAPCHINSKY",
Secretary.

15.

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

RICHARDSON SECURITIES OF CANADA

by "L. L. BELL"

